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DEFENSE ENERGY SUPPORT CENTER
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IN REPLY
REFER TO DESC-PE/PL/PI

October 17, 2005

MEMORANDUM FOR DESC CUSTOMERS

**SUBJECT: Winter Weather Advisory for Heating Oil Customers for the 2005-2006
Heating Season**

As the winter months approach, Defense Energy Support Center (DESC) reminds heating oil customers of the importance of carefully managing fuel inventories to prevent outages during cold weather. Heating inventories are at tight levels and total U.S. natural gas storage is also tight, the potential for rising energy prices still exists given the unpredictability of weather or other events. All customers should take proactive measures to prepare for the upcoming heating season. DESC is committed to customer support and offers the following for planning purposes:

What is the forecast for U.S. weather patterns for the remainder of 2005?

The seasonal forecast expects warmer-than-normal temperatures in most of the United States. The precipitation outlook is less certain, showing equal chances of above, near or below normal precipitation for much of the country.

The 2005 – 2006 winter outlook calls for warmer-than-normal temperature across much of the central and western United States, including Alaska and Hawaii. The Midwest, Southern Californian coast and the East Coast have equal chances of warmer, cooler or near normal temperatures this winter.

Sea-surface temperatures in the central-equatorial Pacific Ocean have been near normal since early 2005. Near normal sea-surface temperatures in the central-equatorial Pacific Ocean are expected to continue for the next three to six months. Therefore, it is unlikely that either the El Nino or La Nina phases of the El Nino/Southern Oscillation (ENSO) cycle will be present. One key climate feature that could have a large impact in the U.S. winter weather, especially along the East Coast is the Northern Atlantic Oscillation or NAO.

The North Atlantic Oscillation often changes its phase from week-to-week. During its positive phase, the jet stream shifts to the north of its usual position and the winter weather is relatively warm days over much of the U.S. In contrast, during the negative phase the jet stream shifts to the south of its usual position which brings more Nor'easters and more frequent cold air outbreaks and snowstorms, especially along the East Coast.

As winter approaches, nearly 20 percent of the nation is in some level of drought compared to around 30 percent of the country at this time last year. For the sixth year in a row, drought remains a concern for parts of the Northwest and northern Rockies. Wet or dry conditions during the winter typically have a significant impact on drought conditions. Winter-spring snow pack is particularly important in the west, as much of the annual water supply comes from the springtime snow melt. NOAA predicts it would take a number of significant winter snowstorms to end the drought in the Pacific Northwest and northern Rockies.

This data was obtained from the National Weather Service:

<http://www.noaa.com>

The Department of Energy's Energy Information Administration is projecting that heating oil prices during the October – March winter season are expected to increase by about 48% over last winter. Prices for petroleum and natural gas will remain high due to tight international supplies of crude and hurricane-induced supply losses. See the Winter Fuels Outlook 2005-2006:

www.eia.doe.gov/emeu/steo/pub/contents.html.

Historically, heating oil outages occur most often during sudden cold spells or during periods of wintry precipitation (ice/snow/sleet). During these periods, consumption levels peak, regional demand for fuel is high and deliveries may be erratic during winter storms. Just when consumption rates are at their highest, sufficient re-supply is jeopardized by severe weather conditions. Adequate planning and diligent management of inventories are key to successful re-supply during the heating season and periods of extreme winter weather. The balance of this document provides recommended practices for maximizing supply availability.

a. It is essential that the fuel user exercise close scrutiny over fuel consumption at all times. An effective inventory management plan will give consideration to worst case weather scenarios. We suggest monitoring of local 5 to 7 day forecasts in conjunction with scheduling shipments. In the event of severe winter storm conditions or sudden drops in temperature, DESC recommends that fuel users assure an adequate supply of heating oil to meet the facility's needs for the duration of the severe weather period. Promptly gauge inventory levels, estimate immediate product consumption and, if necessary, schedule additional product deliveries.

b. Orders. If your activity uses fuel oil as an alternate energy source in times of natural gas curtailment, please monitor your levels closely to provide 48 hours advance notice to the contractor, unless a shorter notification period is stated in the delivery schedule. Timely placement of orders is necessary to provide the Contractor adequate time to schedule deliveries.

c. Fuel users must provide suppliers of automatic fill-up requirements with maps, consumption histories, etc., to facilitate performance.

d. Only the DESC Contracting Officer has authority to modify the terms and conditions of the contract. Please notify DESC of any change in your requirements in writing.

e. Activity delivery narratives, bulletins and contract clauses/provisions are now located in the Contract Information System (CIS) at the following web address: <http://ports2.desc.dla.mil/cis.htm>. Activity instructions stated in the bulletin describe activity responsibilities and procedures to be followed if problems occur. This information should be reviewed by the Ordering Officer(s) at the beginning of each procurement cycle and before the heating season begins. If you have difficulty accessing the CIS, please call the corresponding number below for your respective Customer Organized Group (COG).

f. Contract narratives often restrict delivery days and hours; activities should consider the possibility of extending delivery hours during extreme winter weather.

g. Activities must advise DESC immediately when heating fuel delivery problems or any other contractor performance problems are encountered. DESC points of contact for heating fuel contracts are as follows:

Customer Organized Group (COG)	DIVISION PHONE NUMBER
COG 2	DESC-PIB/ 703-767-8461 or DSN 427- 8461
COG 3	DESC-PEA / 703-767-9544 or DSN 427-9544
COG 4	DESC-PEC / 703-767-9505 or DSN 427-9505
COG 6	DESC-PLB / 703-767-9536 or DSN 427-9536
COG 7 and 8	DESC-PLC/ 703-767-9511 or DSN 427-9511
Alaska	DESC-PLC/ 703-767-9511 or DSN 427-9511
Hawaii	DESC-PLC/ 703-767-9511 or DSN 427-9511

AFTER HOURS EMERGENCY TOLL-FREE NUMBER: **1-800-286-7633 (1800-2-TOP-OFF)**

h. The uncertainty of the upcoming winter weather may impact the heating oil market. All non-standard price customers are advised that fuel prices may be affected, therefore, we ask that you stay in touch with DESC throughout the heating season. Fuel prices can be obtained by visiting the DESC pricing page at:
http://p2web.desc.dla.mil/pls/p2wp/dfsc_pkg.df_activity.

Our staff strives to provide you the best support possible; do not hesitate to contact us with your fuel related questions or problems.



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